

# FINANCIAL SERVICES— REPORTING ON CUSTOMER, PRODUCT, AND BRANCH PROFITABILITY

A FINANCIAL SERVICES  
APPLICATION BRIEF



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## EXECUTIVE SUMMARY

With over 1,000 financial services customers worldwide, including nine of the top 10 banks in the US and nine of the top 10 banks in Europe, Cognos understands the challenges facing financial services institutions (FSIs) and is the leader in providing performance management solutions to the financial services industry.

Cognos has a proven track record of helping FSIs:

- Identify, analyze, and enhance customer, product, and channel profitability
- Quickly and effectively manage and reduce risk
- Address compliance and trust issues and even turn compliance into competitive advantage
- Understand and compete in new global markets
- Implement best practices for the consumption and dissemination of information to stakeholders worldwide.

While all of these are important initiatives, the need to understand who your most profitable customers, products, and branches are remains a top priority for FSIs.

With Cognos, FSIs can:

- Report and analyze profitability across the entire institution
- Understand which regions and branches are performing well or poorly
- Analyze which products are most profitable overall, and which are most profitable by factors such as age, gender, region, income, and more
- Access a customer's entire relationship with the institution, enhancing customer service and uncovering cross-sell opportunities.

With Cognos software, you can truly understand which customers, products and branches are contributing most to your success—and those that are not meeting expectation. With these capabilities, banks can use capital more efficiently, which boosts profitability and benefits shareholders.

This application brief will show you how easy and effective customer, product, and branch profitability reporting can be with Cognos software.

## OVERVIEW

Managed reporting provides an effective way to deliver information out to users, especially where user communities are varied.

Key audience for profitability reports may include:

- Branch managers
- New accounts and customer service representatives
- Executives and senior managers
- Analysts
- Customers, suppliers, and partners.

Predefined reports can be published from the central management group and distributed via the intranet or extranet to executives, senior managers, and the branches. Ad hoc reports can be created by individual power users and shared as necessary.

Cognos ReportNet™ lets any user, whether from a technical or business background, create, modify, and distribute managed reports and ad hoc queries quickly and easily. It is simple to use—anyone can build any manner of report, in multiple languages, with drag-and-drop simplicity.

As a result of these reports, customer-facing personnel can make better decisions regarding customer service, cross-sell opportunities, and target marketing.

For the purposes of this application brief we will take you through various scenarios that FSIs face on a daily basis. We will take you through several sample reports including:

- An Overall Profitability Report
- A Branch Profitability Report
- A Customer Profitability Report
- A Product Profitability Report.

These reports tie the organization together with one version of the truth.

## OVERALL, REGIONAL, AND BRANCH-LEVEL REPORTING

When evaluating performance across the institution, bank executives need a clear, concise picture of the information they rely on to manage the business. Using Cognos ReportNet, bank executives can access, analyze and act on this information in real-time.

In this scenario, we will conduct an overall review of our model FSI, Primary Financial.

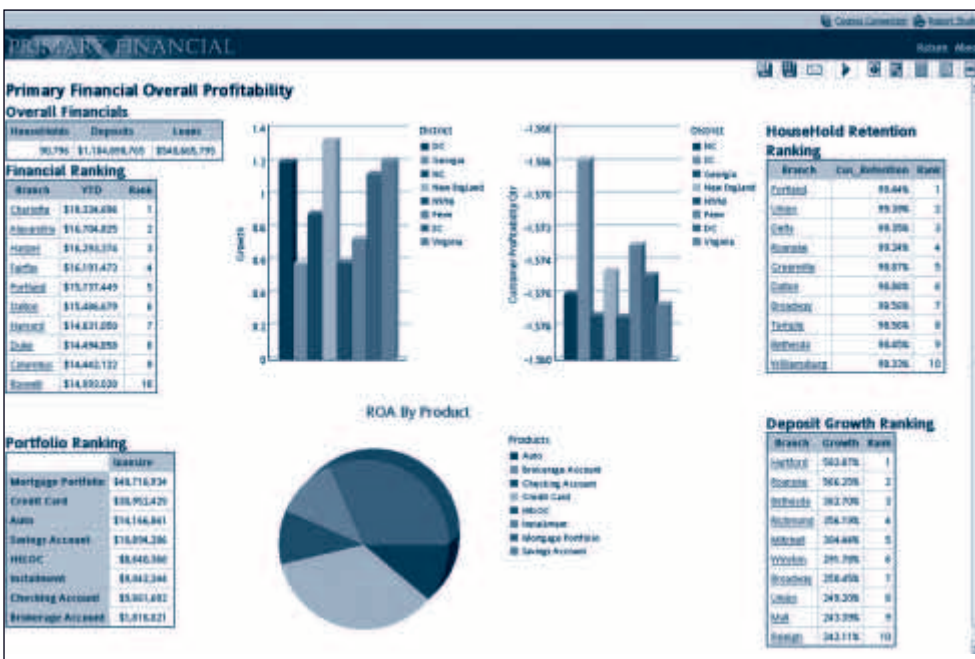
Steps:

1. Click on the Primary Financial Overall Profitability link.



This action creates a Performance Summary Report for Primary Financial. With this report executives can see at-a-glance the overall financial performance of the

institution, product-level performance, and branch rankings based on deposit growth and customer retention.



In this scenario, the revenues for Primary Financial are heavily dependent on mortgage revenue. In addition, there appears to be a vast disparity between branches with respect to growth rates and customer retention.

The report created indicates the overall revenue, expenses, deposit levels, and customer retention statistics for each branch specified.

As a next step, executives are likely to look at performance by region. The regional manager will also want to regularly review his or her respective area of responsibility.

Steps:

1. Return to main reporting list.
2. Click on **Overall Branch Profitability**.
3. When prompted enter the region, district, and branch you are interested in.

The screenshot shows a web application window titled "PRIMARY FINANCIAL". At the top right, there are links for "Go Home", "Generate", and "Report Status". The main content area is divided into three sections for selection:

- Please Select the Region:** A dropdown menu with options: Southeast, Northeast, Mid-Atlantic.
- Please Select the District:** A dropdown menu with options: NC, SC, Georgia.
- Please Select the Branch:** A dropdown menu with options: Greenville, Columbia, Hilton.

Below the branch selection is a "Select all Districts" link. At the bottom of the window, there are four buttons: "Cancel", "< Back", "Next >", and "Finish".

Click **Finish**.



Region	District	Branch	Q1 Revenue	Q2 Revenue	YTD	Bank YTD Revenue	Q1 Deposits	Q2 Deposits	Retention	Q1 HomeEquity	Q2 HomeEquity	Bank Customer Retention	Gen. Attribution
Southwest	SC	Columbia	\$1,608,088	\$3,746,941	\$5,416,028	3	\$13,180,009	\$12,485,581	94.88%	955	921.3	3	96.44%
		Greenville	\$7,880,926	\$4,407,239	\$12,388,165	1	\$8,834,831	\$18,321,897	119.19%	785	779.8	1	98.87%
		Waller	\$2,795,862	\$2,932,893	\$5,717,857	2	\$5,794,061	\$5,909,832	96.97%	881	843.3	2	98.00%

In this scenario, the regional manager or branch manager will determine what action, if any, to take with respect to these three branches. For an even greater level of detail, the manager can see a report on any of the three branches shown by clicking on the branch name.

Steps:

1. Click on the Columbia link.
2. Click on the Details for the Current Year link.

Full Name	Bank	Customer Profitability	Total Deposits End of Year	Total Deposits Current Year	% Portfolio	Total Loan Balance End of Year	Total Loan Balance Current	Checking Income This Year	Savings Income This Year	Card Income This Year	Mortgage Income This Year	Brokerage Income This Year	Total Income This Year	Total Income Last Year	Total ATM This Year	Total ATM Last Year	Total Card This Year	Total Card Last Year	Total Ctl This Year	Total Ctl Last Year
Kwan-Ping Tower		575 (\$1,115)	\$15,588	\$16,551	68.87%	\$142,388	\$11,919	\$21	\$41	\$8	\$3,894	\$965	\$4,913	8	35	0	0	0	\$4,913	
Kwan-Ping Park	1	\$18,815	\$5,110	\$671	11.89%	\$134,638	\$85,984	\$306	\$40	\$657	\$23,280	\$191	\$25,284	48	65	7	0	0	\$4,913	
Pat McCallister	2	\$14,725	\$7,217	\$7,044	36.38%	\$84,638	\$81,227	\$71	\$17	\$819	\$21,367	\$731	\$22,985	11	85	37	0	0	\$4,913	
Jen Stephens	3	\$14,532	\$18,884	\$9,220	74.98%	\$138,369	\$188,444	\$147	\$35	\$164	\$22,278	\$8	\$22,754	17	49	0	0	0	\$4,913	
Dawn Ross	4	\$14,887	\$17,069	\$1,086	6.38%	\$162,679	\$136,487	\$329	\$29	\$147	\$21,717	\$918	\$22,644	4	8	0	0	22	\$4,913	
Harold Neuman	5	\$16,332	\$13,624	\$11,846	84.38%	\$207,181	\$147,748	\$302	\$47	\$738	\$21,771	\$488	\$22,644	13	8	22	18	0	\$4,913	
Pat Park	6	\$16,880	\$21,754	\$4,868	31.88%	\$112,005	\$191,228	\$168	\$40	\$8	\$21,511	\$489	\$22,111	34	14	37	0	0	\$4,913	
Marla Coffey	7	\$16,081	\$6,294	\$23,671	120.82%	\$6,402	\$25,247	\$127	\$18	\$545	\$21,588	\$8	\$23,281	23	88	0	0	0	\$4,913	
Pat Pearson	8	\$16,824	\$19,607	\$1,247	6.88%	\$278,208	\$52,278	\$113	\$23	\$8	\$21,718	\$8	\$23,247	48	78	0	0	0	\$4,913	
Pat Wrenley	9	\$15,817	\$4,888	\$11,837	248.79%	\$16,214	\$55,440	\$109	\$12	\$886	\$21,788	\$8	\$23,694	11	0	0	0	72	\$4,913	
Quinn Baker	10	\$15,752	\$11,700	\$8	0.08%	\$29,832	\$8	\$274	\$40	\$434	\$26,144	\$488	\$27,752	0	0	0	0	0	\$4,913	
Barb Wrenley	11	\$15,704	\$7,161	\$11,184	61.02%	\$294,689	\$83,011	\$20	\$47	\$8	\$21,796	\$267	\$22,729	2	4	0	0	0	\$4,913	
Donald Ross	12	\$15,514	\$19	\$3,188	7,828.28%	\$1,885	\$21,328	\$182	\$40	\$575	\$20,752	\$8	\$22,555	0	0	0	0	0	\$4,913	
Tony	13	\$15,688	\$8,341	\$8,628	51.89%	\$188,518	\$185,688	\$181	\$48	\$781	\$28,831	\$8	\$29,644	48	0	38	11	0	\$4,913	

## CUSTOMER PROFITABILITY REPORTING

For customer service needs or cross-sell analysis, it is vital to have the full picture of a customer's relationship with the FSI. The following depicts an example of customer reporting with Cognos ReportNet.

Steps:

1. Remain within the report for the Columbia branch.
2. Select the customer Daniel Fulton from the customer pull-down.

Customer	Total Assets End of Last Year	Total Deposits Current Year	% Return This Year	Total Loan Balances End of Last Year	Total Loan Balances Current Year	Checking Income This Year	Savings Income This Year	Card Income This Year	Mortgage Income This Year	Brokerage Income This Year	Total Income This Year	Total Fee This Year	Total ATM Fee This Year	Total Interest This Year	Total Cost This Year	Total Customer Last Year	
Daniel Fulton	\$1,165	\$26,777	121.04%	\$0	\$0	\$99	\$165	\$0	\$0	\$0	\$263	23	0	28	0	\$6,151	
Pat Allen	\$5,182	\$011	11.03%	\$104,635	\$10,389	\$306	\$40	\$657	\$22,899	\$182	\$23,294	40	65	2	0	\$6,311	
Pat Brown	\$12,117	\$1,074	90.29%	\$93,636	\$91,327	\$71	\$17	\$918	\$21,367	\$791	\$23,065	11	68	17	0	\$6,750	
Pat Walker	\$19,684	\$5,226	76.54%	\$139,960	\$109,446	\$147	\$35	\$306	\$22,270	\$0	\$22,756	17	69	0	0	\$6,364	
Pat Stephens	\$17,269	\$1,086	6.26%	\$143,670	\$106,487	\$229	\$29	\$147	\$21,717	\$919	\$23,640	4	0	0	23	\$6,993	
Pat Collins	\$13,824	\$1,496	66.29%	\$102,781	\$147,746	\$202	\$47	\$709	\$21,171	\$495	\$22,646	15	0	12	13	\$6,114	
Pat Jones	\$21,739	\$6,996	31.93%	\$112,000	\$295,229	\$168	\$49	\$0	\$21,010	\$963	\$23,713	36	14	37	0	\$6,289	
Pat Smith	\$6,394	\$23,677	319.52%	\$6,483	\$25,247	\$137	\$15	\$245	\$21,595	\$0	\$23,282	29	60	0	0	\$6,341	
Pat Davis	\$16,687	\$1,367	8.86%	\$109,326	\$93,079	\$113	\$23	\$0	\$22,118	\$0	\$22,343	46	19	0	0	\$6,329	
Pat Miller	\$4,896	\$11,687	343.79%	\$16,326	\$68,480	\$169	\$32	\$966	\$21,169	\$0	\$23,264	11	0	0	12	\$6,877	
Pat Wilson	\$0	\$10,700	\$0	\$206	\$29,822	\$0	\$214	\$49	\$499	\$29,146	\$99	\$21,733	0	0	0	\$6,880	
Pat Moore	\$11	\$15,396	\$1,391	\$11,194	\$1,626	\$26,689	\$33,011	\$29	\$47	\$0	\$27,296	\$267	\$21,729	2	4	0	\$6,820
Pat Taylor	\$12	\$15,314	\$119	\$4,136	\$10,549	\$1,660	\$21,329	\$140	\$49	\$175	\$26,762	\$0	\$21,529	0	0	0	\$6,846
Pat Anderson	\$13	\$15,480	\$6,343	\$6,670	\$3,919	\$10,529	\$10,080	\$243	\$46	\$96	\$29,841	\$0	\$21,696	46	0	15	\$1,629

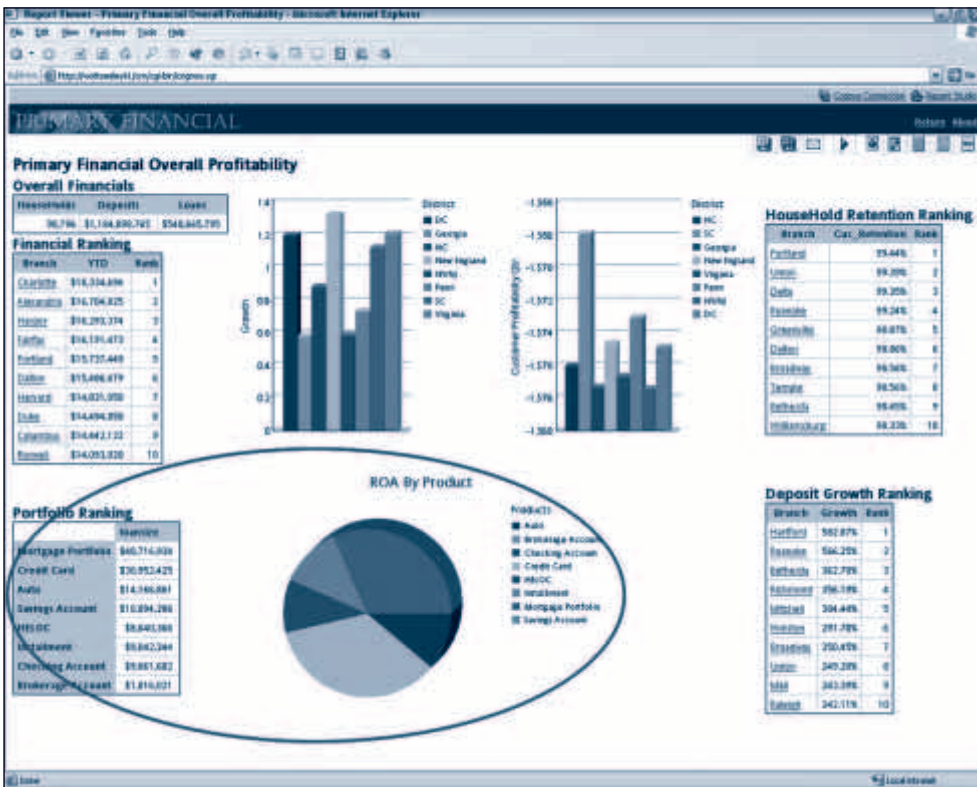
This report shows the entire relationship that the FSI has with the selected customer, including income from each product type, retention statistics, channel usage, cost, and total profitability.

Based on this analysis, a customer service representative may decide whether or not to waive a fee for the customer, or whether to hand the customer off to a retention specialist. Within another department, marketing for example, this report could be used as a basis for whether or not to cross-sell additional products to the customer.

Customer	Rank Customer Profitability	Total Assets End of Last Year	Total Deposits Current Year	% Return This Year	Total Loan Balances End of Last Year	Total Loan Balances Current Year	Checking Income This Year	Savings Income This Year	Card Income This Year	Mortgage Income This Year	Brokerage Income This Year	Total Income This Year	Total Fee This Year	Total ATM Fee This Year	Total Interest This Year	Total Cost This Year
Daniel Fulton	101	\$1,165	\$26,777	121.04%	\$0	\$0	\$99	\$165	\$0	\$0	\$0	\$263	23	0	28	0
Pat Allen	9	\$5,182	\$011	11.03%	\$104,635	\$10,389	\$306	\$40	\$657	\$22,899	\$182	\$23,294	40	65	2	0
Pat Brown	2	\$12,117	\$1,074	90.29%	\$93,636	\$91,327	\$71	\$17	\$918	\$21,367	\$791	\$23,065	11	68	17	0
Pat Walker	3	\$19,684	\$5,226	76.54%	\$139,960	\$109,446	\$147	\$35	\$304	\$22,270	\$0	\$22,756	17	69	0	0
Pat Stephens	4	\$17,269	\$1,086	6.26%	\$143,670	\$106,487	\$229	\$29	\$147	\$21,717	\$919	\$23,640	4	0	0	23
Pat Collins	8	\$13,824	\$1,496	66.29%	\$102,781	\$147,746	\$202	\$47	\$709	\$21,171	\$495	\$22,646	15	0	12	13
Pat Jones	6	\$21,739	\$6,996	31.93%	\$112,000	\$295,229	\$168	\$49	\$0	\$21,010	\$963	\$23,713	36	14	37	0
Pat Smith	7	\$6,394	\$23,677	319.52%	\$6,483	\$25,247	\$137	\$15	\$245	\$21,595	\$0	\$23,282	29	60	0	0
Pat Davis	5	\$16,687	\$1,367	8.86%	\$109,326	\$93,079	\$113	\$23	\$0	\$22,118	\$0	\$22,343	46	19	0	0
Pat Miller	11	\$4,896	\$11,687	343.79%	\$16,326	\$68,480	\$169	\$32	\$966	\$21,169	\$0	\$23,264	11	0	0	12
Pat Wilson	10	\$16,700	\$11,700	\$0	\$206	\$29,822	\$0	\$214	\$49	\$499	\$29,146	\$99	\$21,733	0	0	0
Pat Moore	11	\$15,396	\$15,396	\$1,194	\$1,626	\$26,689	\$33,011	\$29	\$47	\$0	\$27,296	\$267	\$21,729	2	4	0
Pat Taylor	12	\$15,314	\$119	\$4,136	\$10,549	\$1,660	\$21,329	\$140	\$49	\$175	\$26,762	\$0	\$21,529	0	0	0
Pat Anderson	13	\$15,480	\$6,343	\$6,670	\$3,919	\$10,529	\$10,080	\$243	\$46	\$96	\$29,841	\$0	\$21,696	46	0	15

## PRODUCT PROFITABILITY REPORTING

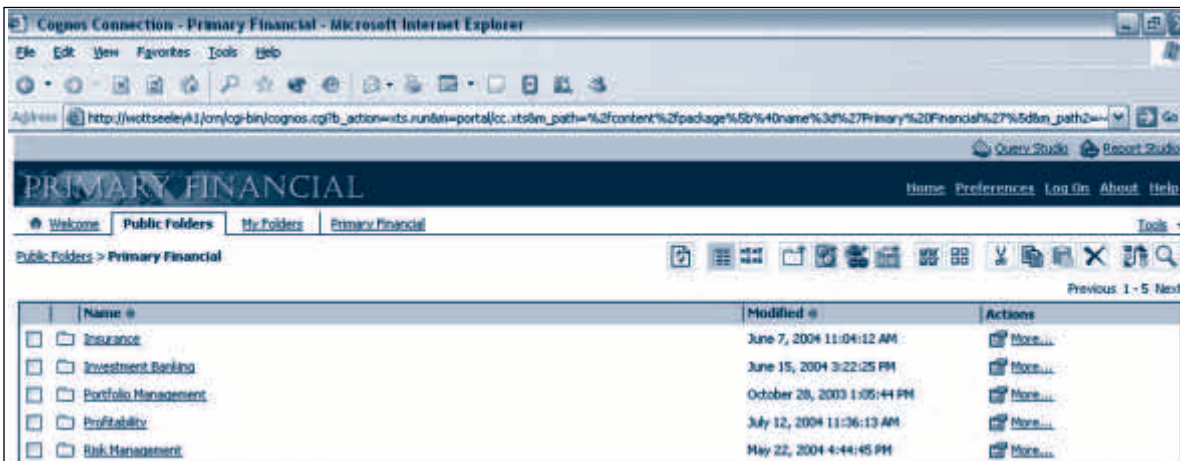
Product managers, in addition to executives, will be interested in the product profitability portion of the Overall Profitability Report.



The next step is to take a more detailed look at product profitability. The following scenario illustrates a series of reports that management can look at to get further product information.

Steps:

1. Return to the main reporting menu for Primary Financial.







To expand further on this analysis, the user may choose to slice-and-dice product data by other dimensions, such as region, age, or gender. With Cognos PowerPlay® analysis software, it is easy for the user to display the data in whatever format is desired.

Average Loan Size as values	30 Year Fixed Rate Mortgage	1 Year Adjustable Rate Mortgage	15 Year Fixed Rate Mortgage	Mortgage Portfolio
2001	\$86,770.12	\$93,703.29	\$101,043.36	\$92,771.50
2002	\$93,308.36	\$96,340.57	\$99,176.39	\$95,339.65
Rollup Date	\$91,096.95	\$95,174.00	\$100,069.23	\$94,106.10

## SUMMARY

The preceding series of situations and screenshots depicts how the Cognos reporting platform makes it possible for executive management, regional and branch managers, customer service representatives, and product managers to gain visibility into overall, regional, branch, customer, and product profitability. The use of the same data and reports by users at all levels of the organization allows alignment of execution with strategy, a critical element in the Cognos corporate performance management (CPM) approach.

Whatever the complexity or size of the FSI, Cognos can deliver a Web-based process for profitability reporting. By capturing data across customer, products, and branches managers can create profitability objectives and measure succeeding performance against those objectives. At the same time, branches can be held accountable for performance and profitability.

## ABOUT COGNOS

Cognos customers include:

- **Nine of the top 10 U.S. banks**
- **Nine of the top 10 European banks**
- **Hundreds of financial services companies around the world.**

Cognos is the world leader in business intelligence and performance planning software for the enterprise. Our solutions let companies drive performance with enterprise planning and budgeting; monitor performance

with enterprise scorecarding; and understand their performance with the reporting and analysis of enterprise business intelligence. Cognos is the only company to support all of these key management activities as a complete solution from one vendor.

Founded in 1969, Cognos today serves more than 22,000 customers in over 135 countries around the world. Cognos enterprise business intelligence solutions and services are also available from more than 3,000 worldwide partners and resellers.



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